



# BANKING & FINANCE

## INDUSTRY AND LEGAL UPDATE

**KALIKOVA &**  
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*law firm*

*Information for effective business solutions*

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## Industry Update

January 22, 2018

### **Kyrgyzstan rated as having low creditworthiness**

Kyrgyzstan is rated as having low creditworthiness and credit climate quality. RAEX rating agency graded Kyrgyzstan's sovereign rating as B and credit climate as B-, says the official website of the agency.

It is reported that Kyrgyzstan's development continues to be constrained by a relatively high level of national debt, a difference between the target and actual values of fiscal and monetary indicators, and a low level of economic and institutional development in the country.

[www.24.kg](http://www.24.kg)

January 18, 2018

### **Changes to electronic money regulations discussed**

The National Bank of the Kyrgyz Republic (NBKR) held a meeting to discuss changes to the Kyrgyz Electronic Money Regulations concerning access to financial services market for mobile operators.

Among the issues discussed were: consumer protection in terms of security of payments, equal conditions for all market participants, financial stability in terms of accumulation of money in the accounts of mobile operators, systemic risk management, regulatory, supervisory and oversight cooperation, and anti-money laundering and counter terrorist financing rules and regulations.

## Legal Update

January 12, 2018

### **Draft changes and amendments to electronic money regulations**

The National Bank of the Kyrgyz Republic (NBKR) announced public debate over draft amendments to the Resolution of the Board of the NBKR approving the Electronic Money Regulations of March 30, 2016 No. 15/6.

As noted, the main reason for proposing amendments to the draft Regulation is the need to clarify the requirements for electronic money services and to minimize risks associated with the issuance, accounting and storage of electronic money.

The draft is available on the [NBKR website](http://www.nbkr.kg).

[www.nbkr.kg](http://www.nbkr.kg)

December 25, 2017

### **Draft amendments to policies on economic standards and requirements for commercial banks of the Kyrgyz Republic**

The NBKR announced public debate over the draft amendments to the Resolution of the Board of the NBKR approving the policy on economic standards and requirements for commercial banks of the Kyrgyz Republic concerning the calculation of liquidity ratios (indicators) of gold ingots, government securities and notes of the NBKR.

The draft is available on the [NBKR website](http://www.nbkr.kg).

The meeting ended with an agreement to revise and finalize amendments to the Kyrgyz Electronic Money Regulations based on comments and suggestions generated through public debate.

[www.nbkr.kg](http://www.nbkr.kg)

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January 16, 2018

## Iran interested in establishing banking relations with Kyrgyzstan

Iranian businessmen are interested in establishing joint ventures and foundations in the Kyrgyz Republic, but the lack of banking cooperation between the two countries prevents these ideas turning into reality.

Mr. Ali Mojtaba Rouzbahani, Ambassador Extraordinary and Plenipotentiary of Iran to Kyrgyzstan, informed that cooperation in banking had started moving forward last year. Internationally recognized Iranian technical services companies engaged in various projects in different countries are interested in infrastructure projects and in Kyrgyzstan, he added.

[www.kabar.kg](http://www.kabar.kg)

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December 26, 2017

## NBKR not liable for electronic currencies

The NBKR is not liable for electronic currencies, T. Abdygulov, the CEO of the NBKR, said. People may invest their savings in whatever they like at their own risk and peril, but the NBKR does not guarantee these investments, he added.

The NBKR recommends keeping savings as follows: 30% in national currency, 30% in any foreign convertible currency and 30% in gold, the chief banker noted.

[www.kabar.kg](http://www.kabar.kg)

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December 19, 2017

## ADB to allocate US \$25 million to Kyrgyzstan as grant for improvement of investment climate

The Board of Directors of the Asian Development Bank (ADB) approved a US \$25 million policy-based grant to Kyrgyzstan for improvement of investment climate and involvement of private sector in the country's economy.

According to Priyanka Sud, Senior Finance Specialist at ADB, the grant will expand access to financial services for small businesses, improve prospects for private sector participation in infrastructure development, including through public - private

[www.nbkr.kg](http://www.nbkr.kg)

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December 19, 2017

## Draft Regulation on requirements for placement by commercial banks of cash in foreign currency on deposit accounts opened with NBKR

The NBKR announced public debate over the draft Regulation on requirements for placement by commercial banks of cash in foreign currency on deposit accounts opened with the NBKR, introducing minimum limits of cash in foreign currency placed on deposit accounts opened with the NBKR.

The draft is proposed to enable commercial banks to place money in foreign currency on deposit accounts opened with the NBKR only after the commercial bank has exhausted the possibilities of transferring foreign currency funds to accounts with other financial and lending institutions.

The draft is available on the [NBKR website](#).

[www.nbkr.kg](http://www.nbkr.kg)

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December 1, 2017

## Draft amendments to policy on Islamic Financing Principles pilot project in the Kyrgyz Republic

The NBKR announced public debate over the draft amendments to the Resolution of the Board of the NBKR approving the policy on Islamic Financing Principles pilot project in the Kyrgyz Republic of October 30, 2006 No.32/2. The draft proposes changes to Chapter 2.3 (Murabakha).

It is proposed to change the provision limiting the aggregate amount of money provided to clients acting as agents under agency contracts by the provision limiting the aggregate balance of cash issued for the purchase of goods to clients acting as agents under agency contracts.

The draft is available on the [NBKR website](#).

[www.nbkr.kg](http://www.nbkr.kg)

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November 29, 2017

## Draft amendments to NBKR policy on conducting currency swap transactions

The NBKR announced public debate over the draft amendments to the Resolution of the Board of the NBKR approving the policy on currency swap transactions of the NBKR dated 28.03.2013

partnerships, diversify trade and investment, increase transparency and ease of doing business.

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November 22, 2017

## National payment systems coordination working committee convenes third meeting

National payment systems coordination working committee convened its third meeting in Yerevan, Armenia.

The delegates of the central (national) banks of Kyrgyzstan, Belarus, Kazakhstan, Armenia and Russia were invited to the meeting to discuss 2017 half-year results in the following areas:

- Integration of national payment cards;
- Introduction of international financial messaging standard (ISO 20022);
- Financial messaging;
- Development of financial technologies;
- Cyber security and cooperation in rapid exchange of information.

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November 17, 2017

## Moody's confirmed credit rating of Kyrgyzstan

Moody's international ratings agency confirmed the credit rating of the Kyrgyz Republic.

It is noted that the credit profile of the KR reflects the recent growth of debt in the context of very low costs of debt servicing and reliable growth prospects. Thus, the B2/ Stable rating considered as highly speculative remains unchanged since December 2015 when it was first assigned to the Kyrgyz Republic by Moody's.

Moody's representatives arrived in the KR in late October to conduct an annual assessment of the country. They met with representatives of ministries and agencies, international financial institutions, commercial banks and foreign missions.

The information on rating of Kyrgyzstan is non-public, therefore, it is difficult to tell why experts assigned such rating.

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November 10, 2017

## EFSD loans to projects in Kyrgyzstan can exceed legal lending limit

No. 10/13.

The draft is proposed to change the requirements for conducting currency swap operations by the NBKR.

The draft is available on the [NBKR website](http://www.nbkr.kg).

[www.nbkr.kg](http://www.nbkr.kg)

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November 3, 2017

## Draft amendments to NBKR policies on Islamic principles of banking and finance

The NBKR announced public debate over the draft amendments to some Resolutions of the Board of the NBKR on the Islamic Principles of Banking and Finance.

The main changes refer to the new reporting requirements based on separate accounting of interest markup/income under the Islamic principles of banking and weighted average interest rates under traditional lending principles. These changes were proposed in order to correctly reflect consolidated information in the entire system of financial and lending institutions practicing the Islamic principles of banking and finance, including the Islamic window system.

The draft proposes amendments and additions to several policies of the NBKR, including the policy on periodic regulatory report of banks practicing the Islamic principles of banking and finance dated March 30, 2011 No. 20/4 and the policy on periodic regulatory report of microfinance companies practicing the Islamic principles of banking and finance of October 17, 2014 No. 45/1 and others.

The draft is available on the [NBKR website](http://www.nbkr.kg).

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October 19, 2017

## Draft Policy on security interest over loan portfolio

In order to improve normative legal acts and taking into account the existing practice, the NBKR has developed a draft policy on security interest over loan portfolio.

The purpose of the Policy is to define criteria and requirements for loans/leases of commercial banks included in the loan portfolio, security interests over which can be accepted as collateral for the NBKR loans.

The draft is available on the [NBKR website](http://www.nbkr.kg).

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The loans of the Eurasian Fund for Stabilization and Development (EFSD) to projects in the Kyrgyz Republic can exceed the legal lending limit, Alisher Mirzoyev, the Director of the EFSD Financial Loans Project Group, said. The lending limit is US \$255 million and it is established for each member - state proportionately to gross national income per capita and the total resources of the fund (US \$8.5 billion).

Currently, there are five EFSD-funded projects in the Kyrgyz Republic with the aggregate value of US \$330 million at various stages of implementation:

- Agricultural machinery financing project – US \$20 million;
- Bishkek-Osh road reconstruction project, Phase IV – US \$60 million;
- Toktogul HPP rehabilitation project, Phase 2 – US \$100 million;
- Kambarata HPP-2 hydroelectric unit 2 commissioning project – US\$110million;
- Toktogul HPP rehabilitation project, Phase 3 – US \$40 million.

[www.24.kg](http://www.24.kg)

October 3, 2017

## Draft State Program to increase share of non-cash payments and settlements in the Kyrgyz Republic for 2018-2022

The NBKR announced public debate over a draft state program to increase the share of non-cash payments and settlements in the Kyrgyz Republic for 2018-2022 (the third stage). The state program was developed to increase the share of non-cash settlements using innovative digital technologies and to ensure an optimal balance between cash and non-cash circulation in the Kyrgyz Republic.

The draft is available on the [NBKR website](http://www.nbkr.kg).

[www.nbkr.kg](http://www.nbkr.kg)

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